

Message Text

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O 162041Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L STATE 304971

STADIS//////////

E.O. 11652: GDS

TAGS: ETRD, EWWT, UR, US

SUBJECT: US-USSR MARITIME AGREEMENT

REF: STATE 299860

1. DEPUTY SECRETARY CALLED IN DOBRYNIN AT NOON DEC. 15
TO RAISE MARITIME ISSUES WITH HIM. ALSO PRESENT WERE
ARMITAGE OF EUR AND CASEY OF MARAD, AS WELL AS SOVIET
MARITIME COUNSELOR DZHAVAD. DEPUTY SECRETARY OUTLINED
OUTSTANDING ISSUES (SEE PARA 7 REFTEL) AND STRESSED THE
CLEAR LINKAGE BETWEEN SOVIET PORT ACCESS BENEFITS AND US
CARGO-SHARING BENEFITS. DEPUTY SECRETARY ALSO STRESSED
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SERIOUSNESS OF THE MATTER IN THE VIEW OF THE ADMINISTRA-
TION, THE CONGRESS, AND THE MARITIME UNIONS, WHICH WOULD
REQUIRE US TO RESTRICT PORT ACCESS AFTER THE FIRST OF THE
YEAR IN THE ABSENCE OF SATISFACTORY AGREEMENTS ON BULK
CARGO RATES AND CARRIAGE. HE EMPHASIZED THAT US-FLAG SHIPS
WERE ENTITLED UNDER THE AGREEMENT TO CARRY AT LEAST ONE-

THIRD OF THE GRAIN CARGOES.

2. DEPUTY SECRETARY THEN SHOWED DOBRYNIN NOTE WHICH US PROPOSED TO GIVE TO SOVIET GOVERNMENT. DOBRYNIN READ THE NOTE IMMEDIATELY AND RECOGNIZED THE SERIOUSNESS OF ITS CONTENT. NOTE STATED IN ESSENCE THAT IF OUTSTANDING MARITIME ISSUES WERE NOT RESOLVED BY JANUARY 1, 1977, THE USG WOULD BE COMPELLED TO INITIATE STEPS THEN TO RESTRICT THE PORT ACCESS WHICH THE SOVIETS ENJOY UNDER THE AGREEMENT. WE COULD NOT CONTINUE TO PERMIT THE FULL ENJOYMENT BY THE SOVIETS OF THEIR PORT BENEFITS WHILE THEY CONTINUED TO DENY US OUR CARGO-SHARING BENEFITS. AFTER READING THE NOTE DOBRYNIN ASKED THE DEPUTY SECRETARY TO DELAY OFFICIAL DELIVERY OF IT UNTIL MONDAY WHILE HE WOULD CLARIFY EXACTLY WHAT US POSITION WAS AND TO MAKE RECOMMENDATION TO HIS GOVERNMENT. HE SAID HE HAD READ THE NOTE AND WOULD MAKE CLEAR TO HIS GOVERNMENT THE ESSENCE OF OUR NOTE WHICH STATES THAT IF THE OUTSTANDING ISSUES ARE NOT RESOLVED SATISFACTORILY BY JANUARY 1, WE WILL BE COMPELLED TO INITIATE STEPS TO RESTRICT SOVIET ACCESS TO THOSE OF OUR PORTS WHICH ARE COVERED BY THE AGREEMENT.

3. DOBRYNIN ALSO SAID THAT THERE APPEARED TO BE A MISUNDERSTANDING OVER US POSITION, BECAUSE WHAT DEPUTY SECRETARY HAD TOLD HIM DIFFERED FROM WHAT HE HAD HEARD FROM AVERIN. HE SUGGESTED THAT AFTER MEETING DZHAVAD AND CASEY SIT DOWN AND CLARIFY US POSITION AFTER WHICH DZHAVAD WOULD REPORT TO HIM AND HE COULD MAKE HIS RECOMMENDATION TO MOSCOW. DEPUTY SECRETARY AGREED.
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RESULTS OF DZHAVAD-CASEY SESSION REPORTED IN PARA 5 BELOW.

4. DEPUTY SECRETARY SAID HE WOULD AGREE TO DELAY DELIVERY OF NOTE AS A DEMONSTRATION OF HIS DESIRE TO BE COOPERATIVE. HE STRESSED, HOWEVER, THAT WE HAD TO HAVE THE OUTSTANDING ISSUES RESOLVED QUICKLY.

5. CASEY-DZHAVAD MEETING REVEALED MISUNDERSTANDING DESCRIBED ABOVE AROSE FROM FACT SOVIET EMBASSY DID NOT HAVE LATEST US PROPOSAL WHICH MARAD CABLED TO MINISTRY OF MERCHANT MARINE ON DECEMBER 13. CASEY THEREFORE GAVE DZHAVAD A COPY OF THE PROPOSAL AND WENT OVER THE ISSUES IN IT:

(A) THE APPROPRIATE PROVISIONS OF THE AGREEMENT AND ANNEX III PROVIDE THAT US-FLAG VESSELS MUST BE ASSURED ONE-THIRD CARRIAGE OF GRAIN CARGOES AND ACTUAL CARRIAGE SHALL BE

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THE BASIS FOR DETERMINING THE US SHARE;

(B) THE AGREED UPON UNDERCARRIAGE OF GRAIN CARGOES BY US-FLAG VESSELS FROM 1975-76 IS 1,150,000 TONS; THIS IS THE AMOUNT OF CARGO WHICH THE SOVIET SIDE HAS DENIED US IN VIOLATION OF THE AGREEMENT;

(C) US-FLAG VESSELS SHOULD CARRY IN ADDITION ONE-THIRD OF PLANNED SOVIET GRAIN MOVEMENTS IN 1977 (6.4 MILLION TONS TOTAL); ONE-THIRD IS 2,133,000 TONS;

(D) THE FREIGHT RATE FOR THE UNDERCARRIAGE CARGO AND THE REGULAR 1977 CARGO SHOULD BE DOLLARS 16.466; THIS ARRIVED AT AS FOLLOWS:

--RATE AT WHICH UNDERCARRIAGE CARGOES (1,150,000 TONS) WOULD HAVE MOVED IF CARRIED BY US-FLAG SHIPS IS COMPUTED
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TO BE DOLLARS 17.33;

--RATE FOR REGULAR 1977 CARGOES (2,133,000 TONS) SHOULD BE DOLLARS 16.00;

--COMPOSITE OF THESE TWO RATES PRODUCES OVERALL RATE FOR GRAIN TONNAGE IN 1977 OF DOLLARS 16.466.

(E) US IS ENTITLED TO MAKEUP CARGOES FOR OTHER BULK CARGOES NOT OFFERED TO US-FLAG SHIPS; US ENTITLED TO 278,000 TONS FROM 1975, AMOUNT FROM 1976 NOT YET KNOWN.

CASEY STRESSED TO DZHAVAD IMPORTANCE TO US OF PRINCIPLE OF ACTUAL CARRIAGE AS THE TEST FOR DETERMINING US SHARE AND THAT MAKEUP OF UNDERCARRIAGE CARGOES DOES NOT REPRESENT GIFT BY SOVIET UNION BUT RATHER ALLOTMENT TO US OF WHAT IT IS ENTITLED TO UNDER THE AGREEMENT. HE WENT INTO DETAIL WITH DZHAVAD TO SHOW HIM HOW DOLLARS 16.466 FIGURE WAS ARRIVED AT. DZHAVAD SAID HE UNDERSTOOD. HE ALSO SAID THE AGREEMENT WAS SO WORDED AS TO ALLOW DIFFERENCES IN INTERPRETATION.
ROBINSON

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